

Welcome to the new version of *Educational Loan Notes*. MGA has chosen to revamp its newsletter to take advantage of the ease of Web delivery while offering information in a succinct, readable format. Article headlines are listed below with brief introductory paragraphs. Full versions of articles of interest may be accessed by clicking on the link at the end of the paragraph. Questions and comments for *Educational Loan Notes* may be addressed to [Jim Peterson](#).

FEATURED FINANCIAL AID PROFESSIONAL

"The quality of strength lined with tenderness is an unbeatable combination."
Maya Angelou

Lois M. Hardy has exemplified the quality of strength lined with tenderness during her 25 years at Spring Arbor University (SAU). For 22 years Lois has been the financial aid director and still finds the most rewarding aspect is to "help people be able to afford and achieve their higher education goals."



Lois graduated from Spring Arbor College in Education. She loved teaching and taught at an elementary school in Jackson, Michigan for over five years. After starting a family, Lois decided to become a "stay-at-home" mom during her children's early years. After four years at home, Lois tried to re-enter the teaching field, but it was over-crowded so Lois went to work for the banking industry. Lois stayed in the banking industry for several years working in various positions.

Sonia Birch worked at SAU and asked one of her friends to apply for the assistant financial aid director's position. The friend passed on the information to Lois, who applied and was hired for the position. This is another example of how people accidentally get into financial aid.

Lois acknowledges that the challenges in financial aid are the complexities of the programs. "It's like fitting a square peg into a round hole," she said. As an administrator, you are required to keep up with the constant changes at the college, in the financial aid community, and with federal regulations. Working with a great staff helps ease some of the challenges many directors face.

Lois believes that the Michigan Student Financial Aid Association (MSFAA) has been an essential avenue to keep up with regulatory changes and provide the support that you can only get from your fellow colleagues. It has helped shape and solidify her commitment to be an example for others. She served on the MSFAA Board of Directors in several capacities including MSFAA President in 2001-2002. She also believes that the Michigan Guaranty Agency's workshops and resources provide valuable information and interaction.

Given the opportunity to change any financial aid program, Lois would readily change the Academic Competiveness Grant (ACG) and SMART Grant and simply roll it into the Pell Grant. The amount of time administering and monitoring the ACG and SMART Grants can be overwhelming. She believes their time would be better served educating students on financial literacy and responsibility.

For over 130 years, SAU has distinguished itself as the place where faith and learning meet. What began as a small elementary and secondary school in the late 1800s has evolved into a

top-tier university granting master's degrees. Now attracting over 4,000 students, SAU offers a Christ-centered, liberal arts education. The main campus is in Spring Arbor, Michigan, but there are also 15 sites across Michigan. Lois feels that SAU is a very good and compassionate place to work. SAU is driven by their concept as "a community of learners distinguished by our lifelong involvement in the study and application of the liberal arts, total commitment to Jesus Christ as the perspective for learning, and critical participation in the contemporary world."

Lois plans to retire in 2008 and find out if there is life after financial aid. She and her husband, Rod, plan to spend more time with their two daughters, four grandchildren, and other family members. She also plans to travel—spending her winters in Florida, read, and relax.

If Lois had to do it all over again, she would have preferred to continue as a teacher, but financial aid has still allowed her the opportunity to help students at a different level. She tells the story of financial aid to many students during high school workshops and enjoys showing them the way to achieve their educational goals.

MGA WEB ADVISOR GAINS POPULARITY AND FEATURES



Usage of the [MGA Web Advisor](#) has increased significantly for 2007, with the average monthly total hits up 130 percent to date, and with 120 percent more unique visitors to the site than when it began in 2006. In addition, we are excited to introduce a convenient new online payment feature to the [MGA Web Advisor](#) for defaulted borrowers. Beginning November 17, 2007, these borrowers will be able to make online payments, including one-time or recurring payments from a checking account, savings account, certain debit cards, a VISA, or a MasterCard. This option is safe, secure, and absolutely free! By utilizing this feature borrowers can save time and money without having to send or call in their payment each month or having to use checks, stamps, or envelopes. They can ensure their loan(s) will be paid on time, improving their credit history and saving interest by eliminating mail time. The addition of this new online payment feature will give borrowers another great reason to use the MGA Web Advisor.

More about the MGA Web Advisor:

The MGA Web Advisor is an online service available to borrowers who have loans in repayment status and may be accessed at [mgaloan.com](#). Borrowers may sign on to the site and obtain information on the status and amount of their loan(s) as well as many other features. The most frequently visited pages are; the account summary which shows demographic as well as balance and last payment info, the payment history which lists all payments received, and the default summary page which includes balance and payoff information. Other features include the ability to request forms, letters, or documents, and to obtain information about credit reporting, deferment, forbearance, or loan consolidation. Borrowers may also find lender or servicer contact information on their loans guaranteed by MGA, as well as a link to the Meteor Web site for borrowers to get an aggregate view of all their loans regardless of where they are held.

HEA EXTENSION SIGNED INTO LAW

President Bush signed into law another extension of the Higher Education Act (HEA), the authority for key federal student aid programs, on October 31, 2007. The measure extends the authority for programs under the HEA until March 31, 2008, and revises the definition of nonprofit loan holder for the purposes of determining special allowance rates.

LENDERS ENCOURAGED TO CONSIDER ECONOMIC HARDSHIP DEFERMENT REQUESTS ACCORDING TO DEPARTMENT'S CLARIFICATION

The U.S. Department of Education (ED) recently clarified that lenders may continue to grant economic hardship deferment based on a borrower's certification of eligibility under the debt-to-income ratio criterion expressed in section 2, number 6 of the [Economic Hardship Deferment Request form](#).

Some lenders had interpreted the statutory changes of the College Cost Reduction and Access Act as ending this option for economic hardship deferment and have denied borrowers deferment based on their interpretation of the law's impact. Based on ED's clarification, MGA asks lenders and lender servicers to amend procedures where necessary to ensure that borrowers applying for loan deferment under these provisions receive every consideration with respect to their deferment eligibility.

Changes to the economic hardship deferment criteria may be part of the negotiated rulemaking discussions scheduled to begin late this year or in early 2008. MGA will keep lenders and schools informed of changes that result from that process as they develop.

LARS REPORTING CHANGES FOR LENDERS

The U.S. Department of Education (ED) has published Dear Colleague Letter (DCL) [FP-07-11](#) which provides initial guidance to FFELP lenders on reporting changes to the quarterly Lender's Request for Payment of Interest and Special Allowance (LaRS) as a result of the College Cost Reduction and Access Act and the Third Higher Education Extension Act of 2007. The DCL covers the lender fee increase on loans first disbursed on or after October 1, 2007, reduction of origination fees, information on lender profile updates, new address for check payments, and information on personally identifiable information.

The DCL also provides guidance on the reduction of special allowance payments (SAP) paid on all FFELP loans for which the first disbursement is made on or after October 1, 2007. For most loan holders the SAP rate is reduced by 55 basis points for Stafford and Consolidation loans and 85 basis points for PLUS loans. However, for loans held by "eligible not-for-profit holders" the SAP rate is reduced by 40 basis points and 70 basis points respectively.

The letter also provides four new LaRS special allowance categories and reporting codes for loans first disbursed on or after October 1, 2007. While all lenders will be required to utilize the SAP codes provided, a separate code for "eligible not-for-profit holders" will be set by ED and hard coded in the demographic profile. Information and guidance on the procedures that will be implemented for a loan holder to request designation as an "eligible not-for-profit holder" will be provided in a subsequent DCL.

INFORMATION COLLECTION REQUEST ON LENDER'S APPLICATION FOR PAYMENT OF INSURANCE CLAIM

In accordance with the Paperwork Reduction Act of 1995, the Office of Management and Budget is seeking comments on the Lender's Application for Payment of Insurance Claim, U.S. Department of Education (ED) Form 1207. This form is completed for each borrower for whom a

lender is filing a federal claim. Lenders must file for payment within 90 days of a default, depending on the type of claim filed.

ED is especially interested in public comment addressing the following issues:

1. Is this collection necessary to the proper functions of the Department;
2. Will this information be processed and used in a timely manner;
3. Is the estimate of burden accurate;
4. How might the Department enhance the quality, utility, and clarity of the information to be collected; and
5. How might the Department minimize the burden of this collection on the respondents, including through the use of information technology.

Requests for copies of the proposed information collection request may be accessed from <http://edicsweb.ed.gov> by selecting the "Browse Pending Collections" link and by clicking on [link number 3488](#). When you access the information collection, click on "Download Attachments" to view.

Comments regarding burden and/or the collection activity requirements should be electronically mailed to ICDocketMgr@ed.gov.

ED ISSUES 9/11 LOAN DISCHARGE FORM

The U.S. Department of Education (ED) has issued a new [loan discharge application](#) for survivors of eligible public servants and other eligible victims of the September 11, 2001, terrorist attacks. In Dear Colleague Letter [GEN-07-08](#), ED announced the new form, which may be used immediately, but must be made available to borrowers no later than January 31, 2008. The letter also advises that requests made for this type of loan discharge made by borrowers using other means prior to January 31 may continue to be processed after that date.

LENDER LIST UPDATES

MGA encourages school personnel to use the electronic version of the "Participating Lender List" which provides access to the most current lender information and eliminates the need for manually updating the paper document that is published once per year. The electronic list is available on our Web site at mgaloan.com. From the MGA Quick List, select the Forms/Documents drop-down menu and choose [Participating Lender Lists](#).

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Schools continuing to use the paper version of the list, dated May 4, 2007, should note the changes below.

If you have any questions regarding these updates, please contact Pat Fromm at extension 36076 or via email at frommp@michigan.gov.

No Longer Participating

The following lenders no longer participate in FFELP with MGA:

833732 U.S. Bank, N.A. ATF Amerifund Education Corp.
828634 Dort Federal Credit Union

Non-originating Lenders

The following lenders do not originate FFELP loans and should be removed from the Participating Lender List:

833457 Nelnet Student Loan Corp.
833495 Zions Bank ELT for EMT Corp.
833500 Nelnet Education Loan Funding
833702 Nelnet II
833895 Zions ELT Nelnet Mgmt Corp-1

Lender Name Change

The Bank of New York Trust Co., N.A., 833487, has changed its name to BNY Trust Co ELT LoanStar.

UPDATES TO MGA'S ACTIVE MICHIGAN SCHOOL LIST

Information has been received from schools regarding recent changes that should be recorded by lenders on MGA's "Active Michigan School List" dated July 27, 2007. If you have any questions regarding these updates, please contact Stacy Cardwell at extension 36074 or via email at cardwells@michigan.gov.

Contact Information Update**Baker College, Allen Park, 004673-17**

Lisa Harris' last name is now Manning. Her email address is lisa.manning@baker.edu.

College for Creative Studies, Detroit, 006771-00

Kristin Moskovitz's new email address is kmoskovitz@collegeforcreativestudies.edu.

International Academy of Design and Technology, Troy, 021603-03

Delete Maureen Malane. Carlene Staton is the new Financial Aid Director. Carlene's telephone number is 248-457-2776 and fax number is 248-457-2785. Her email address is cstaton@iadtdetroit.com.

Ross Medical Education Center, Ann Arbor, 023397-00

Delete Peggy Laskosky. For assistance, contact Jennifer Fredell, Assistant Director, at the Flint location. Jennifer's telephone number is 810-230-1100, extension 2603, and email address is fa.flint@rosslearning.com.

Ross Medical Education Center, Redford, 021801-00

Add Elaine Carpenter, Financial Aid Coordinator, as the contact for this location. Elaine's telephone number is 313-794-6448 and fax number is 313-794-6573. Elaine's email address is fa.redford@rosslearning.com.

Wayne County Community College, Detroit, ADMIN

Marcus McGrew's title is now Administrative and Finance Executive Assistant.

Western Theological Seminary, Holland, 002331-00

Norman Donkersloot's title is now Vice President of Finance.

Location Change**Ross Medical Education Center, Lansing, 025336-00**

Delete 913 West Holmes, Suite 260. The new location is 4106 West Saginaw Highway, Lansing, MI 48917. The telephone number and fax number remain the same.

“Q” AND “A”**Cutoff Dates For Federal Loans**

Are there specific regulations or a U.S. Department of Education (ED) policy that addresses school-imposed cutoff dates for Federal Family Education Loans (FFEL) or Federal Direct Loan Program loans?

According to ED, FFEL and Direct Loans are entitlement programs and there is no authority by which a school can establish deadlines for a student to request a loan. The Code of Federal Regulations does address school administrative duties. CFR §682.603(e) and 685.301(a)(7) state that schools may only refuse to certify or originate Stafford or PLUS loan applications on a nondiscriminatory, case-by-case basis with supporting documentation to be kept in the student's file. Section 668.16(b)(2) requires adequate staffing to carry out the Title IV programs as part of an institution's administrative capability.

Why would a school wish to set cutoff dates?

Some schools wish to set cutoff dates to encourage borrowers to apply early in the academic year or because their staffing pattern makes processing loans an administrative burden.

How do cutoff dates affect schools and borrowers?

Having a cutoff date may provide administrative relief for the school. It creates problems for students who may try to get by without a loan or who borrow less than their annual loan limit at the beginning of the academic year, but the student could discover later in the year they need additional funds. If a student is allowed to apply late in the year, this may protect them by keeping them in Federal Student Aid (FSA) programs and out of private loans or credit card debt.

Are there exceptions where the school may impose deadlines for requesting an FSA loan? If so, what are the exceptions?

Yes, there are two exceptions provided by ED.

1. A school may, under Section 668.58, refuse to certify a loan until verification is complete. In fact, a school must withhold certification or origination if there is conflicting information or reason to doubt the accuracy or a student's application information. A borrower who does not complete the verification process while still enrolled would lose out on the loan funds.
2. A school can consider late disbursement requirements. Since a school has to certify or originate a loan before the student loses eligibility, ED finds it reasonable to expect that

there may be an administrative point in the last week of the period of enrollment that the school establishes beyond which it cannot assure a student that a loan certification or origination will take place within the requirements for an eligible late disbursement to be made. That period, determined by the school, may depend on whether the process of loan certification and origination is manual or electronic at the particular school.

CALENDAR OF UPCOMING EVENTS

26-29 Federal Student Aid Conference (formerly known as EAC)
Manchester Grand Hyatt San Diego
San Diego, California

December 2007

6 MGA Fall School Workshop Webinar 10:00 a.m.
11 MGA Fall School Workshop Webinar 10:00 a.m.
24-25 MGA Offices Closed
31 MGA Offices Closed

January 2008

1 MGA Offices Closed
21 MGA Offices Closed
27-30 MSFAA Winter Training
Amway Grand
Grand Rapids, Michigan
